

## Report in Brief

Date: December 2018

Report No. A-05-17-00013

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES  
**OFFICE OF INSPECTOR GENERAL**



### Why **OIG** Did This Review

In a previous review, **OIG** determined that the Centers for Medicare & Medicaid Services (**CMS**) had recovered the majority of Medicaid overpayments that we had identified in audit reports issued during Federal fiscal years (**FYs**) 2000 through 2009. However, millions of dollars remained uncollected at the time we issued our report. We performed the current audit as a followup to the previous audit to determine whether **CMS** recovered Medicaid overpayments for a more recent period, as well as remaining overpayments in the previous audit.

Our objective was to determine whether **CMS** recovered overpayments identified in **OIG** audit reports in accordance with Federal requirements.

### How **OIG** Did This Review

We reviewed **CMS's** efforts to collect overpayments identified in 313 audits issued in **FYs** 2010 through 2015 (the current period) that recommended recovering overpayment amounts totaling \$2.7 billion and 10 audits issued for **FYs** 2004 through 2009 (the prior period) that recommended recovering overpayment amounts totaling \$225.6 million. For these 323 audits, we chose only the overpayments that we had recommended for recovery and with which **CMS** had concurred, which totaled \$2.6 billion for the current period and \$191.3 million from the prior period.

## The Centers for Medicare & Medicaid Services Had Not Recovered More Than a Billion Dollars in Medicaid Overpayments Identified by **OIG** Audits

### What **OIG** Found

**CMS** had not recovered all of the overpayments identified in **OIG** audit reports in accordance with Federal requirements. Specifically, **CMS** did not collect \$1.6 billion in overpayments identified in 77 current period audits and \$188.6 million in overpayments identified in 7 prior period audits. **CMS** is in discussions with State officials regarding 26 reports and 51 outstanding overpayments that continue to be in the disallowance process. In addition, **CMS** did not ensure that States correctly reported Medicaid overpayments on the Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program Form **CMS-64** (**CMS-64**). Finally, we could not verify the accuracy of \$2.7 million that **CMS** told us was reported by States because before our review **CMS** disposed of documents supporting that overpayments were recovered.

**CMS** had not recovered all overpayments covered by this review because its policies and procedures did not include timelines for resolving overpayments when State agencies disagreed with the recommendations. **CMS** did not ensure that States correctly reported Medicaid overpayments because it did not always verify that States followed its guidance. **CMS** did not retain documentation to support that overpayments were recovered because its standard operating procedures included a retention period that was inconsistent with Federal retention guidelines.

**CMS's** prompt recovery of overpayments helps ensure that Federal funds are effectively and efficiently used to carry out the activities for which they are authorized. **CMS's** failure to collect and States' failure to pay illustrates a significant financial stewardship vulnerability.

### What **OIG** Recommends and **CMS** Comments

We recommend that **CMS** recover the remaining \$1.6 billion due the Federal Government from the current period and \$188.6 million due the Federal Government from the prior period and improve the timeliness of recovering overpayments by setting guidelines about the time **CMS** has to work with States to obtain documentation and issue disallowance letters to States. We also recommend that **CMS** verify that States report overpayments correctly, require States to resubmit corrected **CMS-64s** when they do not, and continue to educate States about their responsibility to report overpayments correctly.

In written comments on our draft report, **CMS** concurred with our recommendations and described actions that it has taken or plans to take to address the recommendations.

The full report can be found at <https://oig.hhs.gov/oas/reports/region5/51700013.asp>.